Institutional credit and declining income level of farmers

1536. SHRIMATI MOHSINA KIDWAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that more families than last year came under institutional credit, but with no rise in income, a whopping 80 per cent of them would turn defaulters;

(b) whether it is also a fact that due to gradual declining income level of farmers, recovery of loan has been quite dismal in the areas where farmers are committing suicides;

(c) whether Government would have a fresh look at the role of co-operative banks and revamp them and make them farmer friendly and ensure that they advance long term, low interest credit to farmers; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The evaluation studies conducted by NABARD, on various investments financed by bank loans, indicate increase in the net income of farmers on account of investments made out of bank loans. The recovery percentage of loan to demand of Regional Rural Banks (RRBs) and Co-operatives have shown an almost increasing trend during the last two years (2004—06). Similarly, in respect of Commercial banks, gross Non Performing Assets (NPA) as a percentage to gross advances was 7.2 percent during 2003-04, which was reduced to 5.5 percent in 2004-05 and 3.3 percent in 2005-06.

(b) In order to mitigate distress of farmers in 31 debt stressed districts in four states *viz.* Andhra Pradesh (16), Maharashtra (6), Karnataka (6) and Kerala (3), Government of India has announced a relief package in respect of agricultural credit. All Commercial Banks, RRBs and Cooperative Banks are providing loans to the farmers/people of these districts. As per available information, the recovery performance of RRBs for the last two years 2005-06 & 2006-07 in these 31 debt stressed districs varied from 64.42% in case of Vidharbha Gramin Bank and 93% in case of Saptagiri Gramin Bank in 2005-06 and 65% in case of Chaitanya Godavari Gramin Bank and 91% in case of South Malabar GB for the year 2006-07. The overall recovery position of RRBs in these districts during the last two years has remained almost static with marginal variations. In fact, the recovery position has rather impproved during 2006-07 as compared to the postion in 2005-06 in some of the RRBs.

(c) and (d) The Government of India (GoI) has approved a revival package with a financial outlay of Rs. 13596 crore alongwith certain legal and institutional reforms to strengthen Short Term Rural Cooperative Credit Structure (STCCS). The States willing to implement the package are required to sign a Memorandum of Understanding (MoU) with GoI and NABARD. 13 States have signed the MoU.

Indo-US Forum

1537. SHRIMATI BRINDA KARAT: Will the Minister of FINANCE be pleased to state;

(a) whether his Ministry has received any letter regarding compliance of recommendations of the Indo-US Forum by Department of Economic Affairs; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Indo-US CEO Forum was launched in 2005 to harness private

sector energy and ideas, to deepen the bilateral economic relationship between India and USA. The recommendations of Indo-US CEO Forum are advisory in nature and are presented to both the Governments for their consideration. Department of Economic Affairs has not received any communication from Indo-US Forum regarding the compliance of its recommendations.

Lowering of fiscal deficit

1538. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Confederation of Indian Industry (CII) has stressed on lowering fiscal deficit which would lower inflation, control interest rates and spur growth;

(b) if so, the details thereof; and

(c) what is the present fiscal deficit in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Various organizations such as Confederation of Indian Industry (CII) stress on lowering of fiscal deficit from time to time. These are advisory in nature.

(c) The present fiscal deficit of the country as per the Handbook of Statistics, 2006-07 published by Reserve Bank of India, for 2007-08 (BE) is Rs. 2,57,867 crore, which is 5.6 per cent of Gross Domestic Product.

Non-imposition of service tax on certain professionals

1539. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that service tax is not imposed on the services offered by solicitors, lawyers and legal consultants;

(b) if so, the reasons therefor; and

(c) by when these professionals are likely to be brought under this tax?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) At present, services provided by a lawyer in his professional capacity are not leviable to service tax.

(b) and (c) Service tax is leviable on the taxable services specified in section 65(105) of the Finance Act, 1994. Levy of service tax on a service is a policy decision.

Schemes of Nationalized Banks in Vidarbha region

1540. KUMARI NIRMALA DESHPANDE: Will the Minister of FINANCE be pleased to state:

(a) what are the schemes taken up by the Nationalized Banks for helping the poor farmers of Vidarbha;

(b) what is the loaning pattern being followed by these bankers; and

(c) what percentage of the loan goes to the poor farmers in other States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Government announced a relief package in 6 debt stressed districts in the Vidarbha Region, Maharashtra, which entails waiver of entire interest on overdue loans as on 01.07.2006, reschedulement of overdue loans over a period of 3-5 years